## Message Text

PAGE 01 NATO 05631 220125Z

64

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E.O. 11652: GDS79

TAGS: MCAP EFIN NATO

SUBJECT: INFRASTRUCTURE PLANNING, COST SHARING PERIOD 1975-1979

REFS: A. STATE 123101 B. USNATO 5494

BEGIN SUMMARY. THIS SUBJECT CONSIDERED IN INFRASTRUCTURE COMMITTEE 20 NOV 73. DRAFT OF REPORT TO DPC REPORTED IN REF B WAS MODIFIED PRIMARILY AS CONCERNS THE PARA RECOMMENDATION. MODIFICATIONS MORE CLOSELY ASSOCIATE THE APPROVALS OF SLICE XXV AND THE NEXT SLICE GROUPS XXVI-XXX, AND CONCERN THE EFFECTIVE DATE OF APPLICATION OF THE PRINCIPLE OF COMPARING BIDS EXCLUSIVE OF DUTIES AND TAXEX. END SUMMARY.

1. THE RECOMMENDATIONS NOW PROPOSED IN AC/4-WP/505 (3D REV) FOLLOW:

"THE INFRASTRUCTURE COMMITTEE RECOMMENDS THAT THE DEFENSE PLANNING COMMITTEE:

(A) AGREE TO RETAIN SLICE XXV IN THE CURRENT SLICE GROUP; CONFIDENTIAL

PAGE 02 NATO 05631 220125Z

(B) AGREE THAT PREPARATIONS FOR SLICE XXV SHOULD PROCEED ON THE UNDERSTANDING THAT AN ADDITIONAL AMOUNT OF IAU 55 MILLION (1) WILL BE PROVIDED FOR THE CURRENT SLICE GROUP (AT THE TIME OF APPROVAL OF THE NEXT SLICE GROUP,) THEREBY INCREASING THE

CEILING OF THE CURRENT SLICE GROUP FROM IAU 250 MILLION TO IAU 305 MILLION:

- (C) NOTE THE STATUS OF DISCUSSION IN THE INFRASTRUCTURE COMMITTEE WITH RESPECT TO THE PROPOSED FUNDING LEVEL OF THE NEXT COST SHARING PERIOD (SLICE XXVI-XXX) AND INSTRUCT THE COMMITTEE TO SUBMIT A REPORT AND RECOMMENDATIONS THEREON TO THE MINISTERS IN MAY 1974 TAKING INTO ACCOUNT THE MILITARY REQUIREMENTS STATED IN PARA 5 ABOVE:
- (D) AGREE THAT, CONCURRENTLY WITH THE DECISIONS ON THE SIZE AND COST SHARING OF SLICES XXVI-XXX, THE PRINCIPLE OF EVALUATING BIDS FREE OF CUSTOMS DUTIES AND TAXES WILL BE APPLIED (TO ALL PROJECTS AS YET UANUTHORIZED ON THE EFFECTIVE DATE OF IMPLEMENTATION OF THE NEW INTERNATIONAL COMPETITIVE BIDDING PROCEDURES AND) (2) IN NO CASE LATER THAN THE BEGINNING OF THE NEXT O INFRASTRUCTURE COST SHARING PERIOD.

FOOTNOTES: (1) MOST NATIONS ARE PREPARED TO AGREE TO AN AMOUNT UP TO IAU 60 MILLION ON THE UNDERSTANDING THAT AMOUNTS FOR PROJECTS WHICH MAY BE ELIMINATED OR REDUCED IN THE SCREENING PROCESS WILL NOT BE AVAILABLE FOR REPROGRAMMING. TWO (THREE) NATIONS, HOWEVER, CAN NOT AGREE TO ANY AMOUNT HIGHER THAN IAU 55 MILLION.

- (2) ALL NATIONS, EXCEPT THREE, FAVOUR THE INCLUSION OF THE LANGUAGE IN BRACKETS TO ENSURE APPLICATION OF THIS PRINCIPLE AS SOON AS POSSIBLE IN ORDER TO AVOID THE NECESSITY OF OPERATING TWO PROCEDURES FOR ICB."
- 2. REGARDING PARA 1(C) AS CONCERNS THE MILITARY REQUIREMENTS, PARA 5 OF THE DRAFT REPORT STATES:
- "5. IN THE MATTER OF A FUNDING CEILING FOR THE NEXT 5-YEAR PROGRAMME, THE NATO MILITARY COMMANDERS HAVE SUBMITTED (AND THE MILITARY COMMITTEE HAS CONFIRMED) A TOTAL REQUIREMENT FOR SOME IQU 926 MILLION, OF WHICH SOME IAU 583 MILLION ARE CONFIDENTIAL

PAGE 03 NATO 05631 220125Z

CLASSED AS PRIORITY A, OR MOST URGENT."

- 3. US REPRESENTATIVE ON COMMITTEE CONTINUES TO PRESS HARD FOR INCLUSION OF THE LANGUAGE CONTAINED IN BRACKETS IN THE RECOMMENDATION CITED IN PARA 1(D) ABOVE. FOOTNOTE (2) ABOVE PERTAINS. THE THREE NATIONS OBJECTING TO THE BRACKETED LANGUAGE ARE GERMANY, ITALY, AND THE NETHERLANDS.
- 4. US POSITION AT NEXT MEETING WILL CONTINUE CONSISTENT WITH REF A.  $\label{eq:RUMSFELD} \textbf{RUMSFELD}$

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